
State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
Product Name:	Standard Dwelling		
Project Name/Number:	Rate Revision/		

Filing at a Glance

Company:	Republic Underwriters Insurance Company
Product Name:	Standard Dwelling
State:	Arkansas
TOI:	01.0 Property
Sub-TOI:	01.0002 Personal Property (Fire and Allied Lines)
Filing Type:	Rate
Date Submitted:	03/24/2014
SERFF Tr Num:	TRGR-129464906
SERFF Status:	Closed-Filed
State Tr Num:	
State Status:	
Co Tr Num:	14-0224
Effective Date	05/15/2014
Requested (New):	
Effective Date	06/15/2014
Requested (Renewal):	
Author(s):	William Bradford, Michael McDowell, Jose Aguilar
Reviewer(s):	Becky Harrington (primary)
Disposition Date:	03/26/2014
Disposition Status:	Filed
Effective Date (New):	05/15/2014
Effective Date (Renewal):	06/15/2014

State Filing Description:

State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
Product Name:	Standard Dwelling		
Project Name/Number:	Rate Revision/		

General Information

Project Name: Rate Revision	Status of Filing in Domicile: Not Filed
Project Number:	Domicile Status Comments: Arkansas specific
Reference Organization: n/a	Reference Number: n/a
Reference Title: n/a	Advisory Org. Circular: n/a
Filing Status Changed: 03/26/2014	
State Status Changed:	Deemer Date:
Created By: William Bradford	Submitted By: William Bradford
Corresponding Filing Tracking Number:	

Filing Description:

On February 14, 2014, Republic Underwriters Insurance Company submitted a rate change request for its Dwelling Fire program. The Dwelling Fire filing was for a +12.3% change based on an indication of 12.3%. Subsequently, on February 24, Republic withdrew the filings. However, due to the large rate need and our continued lack of profitability for this line, we feel a delay of another six months would put undo financial stress on our Arkansas program.

Republic Underwriters provides the attached support to revise the statewide base rates for Arkansas Dwelling form DP-3. These revisions will result in a 5.9% premium increase to be effective on May 15, 2014 for new business and June 15, 2014 for renewal business. The most recent rate change for this program was effective April 1, 2013. Republic currently insures approximately 1,826 DP-3 Dwelling Fire policyholders in Arkansas with a concentration of these policies located in the northwest corner.

An overall indicated rate increase of 15.3% has been calculated using five years of premium and loss experience for the experience period of January 2009 – December 2013.

Company and Contact

Filing Contact Information

William Bradford, Senior Products Filing Specialist	bill.bradford@republicgroup.com
5525 LBJ Freeway	972-788-6617 [Phone]
Dallas, TX 75240	972-788-6022 [FAX]

Filing Company Information

Republic Underwriters Insurance Company	CoCode: 24538	State of Domicile: Texas
5525 LBJ Freeway	Group Code: 3489	Company Type:
Dallas, TX 75240-6241	Group Name: Republic Group	State ID Number:
(972) 788-6001 ext. [Phone]	FEIN Number: 75-1221537	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00

State: Arkansas **Filing Company:** Republic Underwriters Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Standard Dwelling
Project Name/Number: Rate Revision/

Retaliatory? No

Fee Explanation: Independent rate filing

Per Company: No

Company	Amount	Date Processed	Transaction #
Republic Underwriters Insurance Company	\$100.00	03/24/2014	80578748

State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/26/2014	03/26/2014

State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
Product Name:	Standard Dwelling		
Project Name/Number:	Rate Revision/		

Disposition

Disposition Date: 03/26/2014
Effective Date (New): 05/15/2014
Effective Date (Renewal): 06/15/2014
Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Republic Underwriters Insurance Company	15.300%	5.900%	\$87,057	1,826	\$1,464,238	6.300%	4.200%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	P&C Actuarial Justification	Filed	Yes
Rate	Base rates	Filed	Yes

State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
Product Name:	Standard Dwelling		
Project Name/Number:	Rate Revision/		

Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	19.900%
Effective Date of Last Rate Revision:	03/01/2103
Filing Method of Last Filing:	Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Republic Underwriters Insurance Company	15.300%	5.900%	\$87,057	1,826	\$1,464,238	6.300%	4.200%

State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
Product Name:	Standard Dwelling		
Project Name/Number:	Rate Revision/		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 03/26/2014	Base rates	DP-R-1 to 5	Replacement	TRGR-128794361	Base Premiums.pdf

BASE PREMIUM COMPUTATION**A. Fire - Coverage A – Dwelling and Coverage C – Personal Property****1. Owner-Occupied Key Rates****a. Coverage A - Dwelling**

Territory	Description	Fire Key Factor
001	Benton and Washington Counties	257
002	Carroll and Madison Counties	264
003	Baxter, Boone and Marion Counties	264
004	Fulton, Independence, Izard and Sharp Counties	264
005	Lawrence County	275
006	Clay, Greene and Randolph Counties	287
007	Crawford and Sebastian Counties	257
008	Conway, Franklin, Johnson, Newton and Pope Counties	264
009	Cleburne, Searcy, Stone and Van Buren Counties	257
010	Jackson and Woodruff Counties	275
011	Craighead County	257
012	Mississippi County	287
013	Logan County	264
014	Yell County	264
015	Faulkner County	257
016	White County	275
017	Cross, Lee, Poinsett and St. Francis Counties	287
018	Crittenden County	287
019	Montgomery, Polk and Scott Counties	264
020	Garland, Hot Spring and Perry Counties	257
021	Grant and Saline Counties	257
022	Remainder of Pulaski County	252
023	Lonoke County	264
024	Prairie County	275
025	Monroe County	275
026	Jefferson County	275
027	Arkansas County	287
028	Phillips County	287
029	Clark, Howard, Pike and Sevier Counties	264
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	287
031	Desha County	287
032	Little River and Miller Counties	257
033	Hempstead and LaFayette Counties	275
034	Nevada and Ouachita Counties	275
035	Columbia County	264
036	Union County	264
037	Ashley, Chicot and Drew Counties	287
038	Cities of Little Rock and North Little Rock (Pulaski County)	252
039	Hot Springs Village	246

Table 301.A.1.a., Coverage A Fire Key Rates

BASE PREMIUM COMPUTATION, (cont)**b. Coverage C – Personal Property**

Territory	Description	Fire Key Factor
All	All counties	41

Table 301.A.1.b., Coverage C Fire Key Rates**2. Classification Tables****a. Protection-Construction Classification Factors**

Protection Class	Construction		Protection Class	Construction	
	Frame	Masonry		Frame	Masonry
1	0.85	0.67	7	1.36	1.06
2	0.85	0.67	8	1.55	1.18
3	0.90	0.70	8B	2.90	2.24
4	0.90	0.70	9	2.90	2.24
5	1.00	0.78	10	3.72	2.72
6	1.09	0.83			

Table 301.A.2.a., Protection-Construction Factors**b. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

Table 301.A.2.b., Occupancy Factors**c. Seasonal-Secondary Classification Factors**

Occupancy	Factor
Not seasonal or secondary	1.000
Seasonal or secondary	1.200

Table 301.A.2.c., Seasonal-Secondary Factors**d. Number of Family Classification Factors**

Number of Families	Factor
One Family	1.000
Two Families	1.200
Three or Four Families	1.500

Table 301.A.2.c., Number of Family Factors**3. Key Factor Table (Rule 301.A.7.)****a. Coverage A - Dwelling**

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
\$30,000	0.592	\$73,000	0.982	\$116,000	1.370	\$159,000	1.759
\$31,000	0.601	\$74,000	0.991	\$117,000	1.379	\$160,000	1.767
\$32,000	0.610	\$75,000	1.000	\$118,000	1.388	\$161,000	1.776
\$33,000	0.619	\$76,000	1.009	\$119,000	1.397	\$162,000	1.786
\$34,000	0.628	\$77,000	1.018	\$120,000	1.406	\$163,000	1.794
\$35,000	0.637	\$78,000	1.027	\$121,000	1.415	\$164,000	1.804
\$36,000	0.646	\$79,000	1.036	\$122,000	1.424	\$165,000	1.812
\$37,000	0.656	\$80,000	1.045	\$123,000	1.433	\$166,000	1.822
\$38,000	0.664	\$81,000	1.054	\$124,000	1.443	\$167,000	1.831
\$39,000	0.673	\$82,000	1.063	\$125,000	1.451	\$168,000	1.840
\$40,000	0.683	\$83,000	1.072	\$126,000	1.460	\$169,000	1.848
\$41,000	0.692	\$84,000	1.081	\$127,000	1.469	\$170,000	1.857
\$42,000	0.701	\$85,000	1.090	\$128,000	1.478	\$171,000	1.867
\$43,000	0.710	\$86,000	1.099	\$129,000	1.488	\$172,000	1.875
\$44,000	0.719	\$87,000	1.108	\$130,000	1.496	\$173,000	1.885

BASE PREMIUM COMPUTATION, (cont.)

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
\$45,000	0.728	\$88,000	1.118	\$131,000	1.505	\$174,000	1.894
\$46,000	0.738	\$89,000	1.126	\$132,000	1.514	\$175,000	1.903
\$47,000	0.746	\$90,000	1.135	\$133,000	1.523	\$176,000	1.912
\$48,000	0.756	\$91,000	1.144	\$134,000	1.532	\$177,000	1.921
\$49,000	0.765	\$92,000	1.153	\$135,000	1.541	\$178,000	1.930
\$50,000	0.774	\$93,000	1.162	\$136,000	1.550	\$179,000	1.939
\$51,000	0.783	\$94,000	1.171	\$137,000	1.559	\$180,000	1.948
\$52,000	0.792	\$95,000	1.180	\$138,000	1.569	\$181,000	1.957
\$53,000	0.801	\$96,000	1.189	\$139,000	1.578	\$182,000	1.966
\$54,000	0.810	\$97,000	1.199	\$140,000	1.587	\$183,000	1.975
\$55,000	0.819	\$98,000	1.207	\$141,000	1.596	\$184,000	1.984
\$56,000	0.828	\$99,000	1.217	\$142,000	1.605	\$185,000	1.993
\$57,000	0.837	\$100,000	1.226	\$143,000	1.613	\$186,000	2.002
\$58,000	0.847	\$101,000	1.234	\$144,000	1.623	\$187,000	2.011
\$59,000	0.855	\$102,000	1.244	\$145,000	1.632	\$188,000	2.020
\$60,000	0.864	\$103,000	1.253	\$146,000	1.641	\$189,000	2.029
\$61,000	0.874	\$104,000	1.262	\$147,000	1.650	\$190,000	2.038
\$62,000	0.882	\$105,000	1.271	\$148,000	1.658	\$191,000	2.047
\$63,000	0.891	\$106,000	1.280	\$149,000	1.668	\$192,000	2.056
\$64,000	0.900	\$107,000	1.289	\$150,000	1.677	\$193,000	2.065
\$65,000	0.909	\$108,000	1.298	\$151,000	1.686	\$194,000	2.074
\$66,000	0.919	\$109,000	1.307	\$152,000	1.695	\$195,000	2.083
\$67,000	0.928	\$110,000	1.316	\$153,000	1.704	\$196,000	2.092
\$68,000	0.936	\$111,000	1.325	\$154,000	1.713	\$197,000	2.101
\$69,000	0.946	\$112,000	1.334	\$155,000	1.723	\$198,000	2.110
\$70,000	0.955	\$113,000	1.343	\$156,000	1.731	\$199,000	2.119
\$71,000	0.964	\$114,000	1.352	\$157,000	1.740	\$200,000	2.128
\$72,000	0.973	\$115,000	1.361	\$158,000	1.749		
Each Additional \$1,000			0.009				

Table 301.A.3.a., Dwelling Key Factors (Fire)**b. Coverage C – Personal Property**

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
1,000	0.245	39,000	3.244	76,000	6.103	113,000	8.983
2,000	0.334	40,000	3.320	77,000	6.181	114,000	9.061
3,000	0.421	41,000	3.395	78,000	6.259	115,000	9.139
4,000	0.506	42,000	3.472	79,000	6.337	116,000	9.216
5,000	0.591	43,000	3.547	80,000	6.414	117,000	9.294
6,000	0.674	44,000	3.623	81,000	6.492	118,000	9.372
7,000	0.756	45,000	3.699	82,000	6.570	119,000	9.450
8,000	0.838	46,000	3.775	83,000	6.648	120,000	9.528
9,000	0.919	47,000	3.851	84,000	6.726	121,000	9.606
10,000	1.000	48,000	3.926	85,000	6.803	122,000	9.684
11,000	1.080	49,000	4.003	86,000	6.881	123,000	9.761
12,000	1.160	50,000	4.079	87,000	6.959	124,000	9.839
13,000	1.239	51,000	4.158	88,000	7.037	125,000	9.917
14,000	1.318	52,000	4.236	89,000	7.115	126,000	9.995
15,000	1.396	53,000	4.314	90,000	7.193	127,000	10.073

BASE PREMIUM COMPUTATION, (cont.)

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
16,000	1.475	54,000	4.392	91,000	7.270	128,000	10.151
17,000	1.553	55,000	4.469	92,000	7.348	129,000	10.229
18,000	1.631	56,000	4.547	93,000	7.426	130,000	10.306
19,000	1.709	57,000	4.625	94,000	7.504	131,000	10.384
20,000	1.787	58,000	4.703	95,000	7.582	132,000	10.462
21,000	1.864	59,000	4.781	96,000	7.660	133,000	10.540
22,000	1.941	60,000	4.858	97,000	7.737	134,000	10.618
23,000	2.019	61,000	4.936	98,000	7.815	135,000	10.696
24,000	2.096	62,000	5.014	99,000	7.893	136,000	10.774
25,000	2.173	63,000	5.092	100,000	7.971	137,000	10.851
26,000	2.250	64,000	5.169	101,000	8.049	138,000	10.929
27,000	2.327	65,000	5.247	102,000	8.127	139,000	11.007
28,000	2.403	66,000	5.325	103,000	8.204	140,000	11.085
29,000	2.480	67,000	5.403	104,000	8.282	141,000	11.163
30,000	2.557	68,000	5.481	105,000	8.360	142,000	11.241
31,000	2.633	69,000	5.558	106,000	8.438	143,000	11.319
32,000	2.710	70,000	5.636	107,000	8.516	144,000	11.397
33,000	2.786	71,000	5.714	108,000	8.594	145,000	11.474
34,000	2.862	72,000	5.792	109,000	8.672	146,000	11.552
35,000	2.938	73,000	5.870	110,000	8.749	147,000	11.630
36,000	3.015	74,000	5.947	111,000	8.827	148,000	11.708
37,000	3.091	75,000	6.025	112,000	8.905	149,000	11.786
38,000	3.167					150,000	11.864
Each Additional \$1,000			0.078				

Table 301.A.3.a., Personal Property Key Factors (Fire)**B. Special Form (DP 00 03) For Coverage A – Dwelling and Coverage C – Personal Property****1. Owner-Occupied Key Rates****a. Coverage A - Dwelling**

Territory		Special Form Key Factor
001	Benton and Washington Counties	289
002	Carroll and Madison Counties	333
003	Baxter, Boone and Marion Counties	333
004	Fulton, Independence, Izard and Sharp Counties	333
005	Lawrence County	387
006	Clay, Greene and Randolph Counties	441
007	Crawford and Sebastian Counties	280
008	Conway, Franklin, Johnson, Newton and Pope Counties	333
009	Cleburne, Searcy, Stone and Van Buren Counties	280
010	Jackson and Woodruff Counties	387
011	Craighead County	280
012	Mississippi County	441
013	Logan County	333
014	Yell County	333
015	Faulkner County	280
016	White County	387
017	Cross, Lee, Poinsett and St. Francis Counties	441
018	Crittenden County	441

BASE PREMIUM COMPUTATION, (cont.)

<u>Territory</u>	<u>Special Form Key Factor</u>
019 Montgomery, Polk and Scott Counties	333
020 Garland, Hot Spring and Perry Counties	280
021 Grant and Saline Counties	280
022 Remainder of Pulaski County	270
023 Lonoke County	333
024 Prairie County	387
025 Monroe County	387
026 Jefferson County	387
027 Arkansas County	441
028 Phillips County	441
029 Clark, Howard, Pike and Sevier Counties	333
030 Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	441
031 Desha County	441
032 Little River and Miller Counties	280
033 Hempstead and LaFayette Counties	387
034 Nevada and Ouachita Counties	387
035 Columbia County	333
036 Union County	333
037 Ashley, Chicot and Drew Counties	441
038 Cities of Little Rock and North Little Rock (Pulaski County)	270
039 Hot Springs Village	261

Table 301.B.1.a., Coverage A Special Form Key Rates**b. Coverage C – Personal Property**

<u>Territory</u>	<u>Description</u>	<u>Special Form Key Factor</u>
All	All counties	72

Table 301.B.1.b., Coverage C Special Form Key Rates**2. Classification Tables****a. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

Table 301.B.2.a., Occupancy Factors**b. Reserved for future use.****3. Key Factor Table (Rule 301.B.6.)****a. Coverage A - Dwelling**

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
\$30,000	0.592	\$73,000	0.982	\$116,000	1.370	\$159,000	1.759
\$31,000	0.601	\$74,000	0.991	\$117,000	1.379	\$160,000	1.767
\$32,000	0.610	\$75,000	1.000	\$118,000	1.388	\$161,000	1.776
\$33,000	0.619	\$76,000	1.009	\$119,000	1.397	\$162,000	1.786
\$34,000	0.628	\$77,000	1.018	\$120,000	1.406	\$163,000	1.794
\$35,000	0.637	\$78,000	1.027	\$121,000	1.415	\$164,000	1.804
\$36,000	0.646	\$79,000	1.036	\$122,000	1.424	\$165,000	1.812
\$37,000	0.656	\$80,000	1.045	\$123,000	1.433	\$166,000	1.822
\$38,000	0.664	\$81,000	1.054	\$124,000	1.443	\$167,000	1.831
\$39,000	0.673	\$82,000	1.063	\$125,000	1.451	\$168,000	1.840

State:	Arkansas	Filing Company:	Republic Underwriters Insurance Company
TOI/Sub-TOI:	01.0 Property/01.0002 Personal Property (Fire and Allied Lines)		
Product Name:	Standard Dwelling		
Project Name/Number:	Rate Revision/		

Supporting Document Schedules

Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines
Comments:	
Attachment(s):	FORM RF-1 Rate Filing Abstract.pdf
Item Status:	Filed
Status Date:	03/26/2014

Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey
Comments:	
Attachment(s):	HO Survey FORM HPCS.pdf HO Survey FORM HPCS.xls
Item Status:	Filed
Status Date:	03/26/2014

Satisfied - Item:	P&C Actuarial Justification
Comments:	
Attachment(s):	Filing Exhibit.pdf Filing Memo AR DP-3.pdf
Item Status:	Filed
Status Date:	03/26/2014

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	14-0224
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A
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	Company Name		Company NAIC Number
3.	A.	Republic Underwriters Insurance Company	B. 24538

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	25.6%	6.3%					
Allied Lines	8.8%	6.3%					
TOTAL OVERALL EFFECT*	15.3%	5.9%					

*Total effect includes premium from miscellaneous coverages

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2013	2,128	20%	4/1/2013	1,593	815	51%	
2012	2,808	20%	4/1/2012	1,586	1,603	101%	31.8%
2011	2,626	N/A	N/A	1,178	1,502	128%	41.3%
2010	2,030	N/A	N/A	850	485	57%	42.3%
2009	1,233	N/A	N/A	398	390	98%	58.1%
2008	275	N/A	N/A	23	58	256%	116.9%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	22.6%
B. General Expense	5.3%
C. Taxes, License & Fees	3.8%
D. Underwriting Profit & Contingencies	8.5%
E. Other (explain)	
F. TOTAL	40.2%

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 6.3% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

NAIC Number:	24538
Company Name:	Republic Underwriters Insurance Company
Contact Person:	Bill Bradford
Telephone No.:	972-788-6617
Email Address:	bill.bradford@republicgroup.com
Effective Date:	5/15/2014 (NB); 6/15/2014 (Renewal)

**Homeowners Premium Comparison Survey Form
FORM HPCS - last modified August, 2005**

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE
BLANK**

Submit to: Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904
Telephone: 501-371-2800
Email as an attachment to insurance.pnc@arkansas.gov
You may also attach to a SERFF filing or submit on a cdr disk

Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$490.00	\$544.00	\$541.00	\$596.00	\$481.00	\$535.00	\$671.00	\$731.00	\$671.00	\$731.00	\$541.00	\$596.00	\$481.00	\$535.00	\$481.00	\$535.00	\$466.00	\$519.00
	\$120,000	\$659.00	\$731.00	\$728.00	\$802.00	\$647.00	\$719.00	\$902.00	\$983.00	\$902.00	\$983.00	\$728.00	\$802.00	\$647.00	\$719.00	\$647.00	\$719.00	\$628.00	\$699.00
	\$160,000	\$829.00	\$920.00	\$915.00	\$1,008.00	\$813.00	\$904.00	\$1,134.00	\$1,235.00	\$1,134.00	\$1,235.00	\$915.00	\$1,008.00	\$813.00	\$904.00	\$813.00	\$904.00	\$789.00	\$878.00
6	\$80,000	\$525.00	\$595.00	\$577.00	\$649.00	\$516.00	\$586.00	\$710.00	\$788.00	\$710.00	\$788.00	\$577.00	\$649.00	\$516.00	\$586.00	\$516.00	\$586.00	\$501.00	\$569.00
	\$120,000	\$706.00	\$800.00	\$776.00	\$873.00	\$694.00	\$788.00	\$955.00	\$1,060.00	\$955.00	\$1,060.00	\$776.00	\$873.00	\$694.00	\$788.00	\$694.00	\$788.00	\$674.00	\$766.00
	\$160,000	\$888.00	\$1,006.00	\$975.00	\$1,096.00	\$872.00	\$990.00	\$1,200.00	\$1,332.00	\$1,200.00	\$1,332.00	\$975.00	\$1,096.00	\$872.00	\$990.00	\$872.00	\$990.00	\$847.00	\$962.00
9	\$80,000	\$904.00	\$1,081.00	\$966.00	\$1,148.00	\$895.00	\$1,072.00	\$1,133.00	\$1,331.00	\$1,133.00	\$1,331.00	\$966.00	\$1,148.00	\$895.00	\$1,072.00	\$895.00	\$1,072.00	\$872.00	\$1,046.00
	\$120,000	\$1,215.00	\$1,454.00	\$1,299.00	\$1,544.00	\$1,203.00	\$1,442.00	\$1,524.00	\$1,790.00	\$1,524.00	\$1,790.00	\$1,299.00	\$1,544.00	\$1,203.00	\$1,442.00	\$1,203.00	\$1,442.00	\$1,174.00	\$1,408.00
	\$160,000	\$1,528.00	\$1,828.00	\$1,633.00	\$1,941.00	\$1,512.00	\$1,812.00	\$1,915.00	\$2,250.00	\$1,915.00	\$2,250.00	\$1,633.00	\$1,941.00	\$1,512.00	\$1,812.00	\$1,512.00	\$1,812.00	\$1,474.00	\$1,768.00

SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:

HO3 and HO4 only

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	5 %	\$1,000 Deductible	2 %
		Other (specify)	
			%
		Maximum Credit Allowed	%

EARTHQUAKE INSURANCE

IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this co

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? Yes (yes or no)
WHAT IS YOUR PERCENTAGE DEDUCTIBLE? 5 %

	Zone	Brick	Frame
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$ 2.22	\$ 1.96
	Lowest Risk	\$ 0.7	\$ 0.26

Republic Underwriters Insurance Company
 Arkansas Dwelling Fire
 Overall Effect

Exhibit I
 Fire & EC

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Overall Rate Change</u>
Fire	608,398	25.6%	6.3%
Allied	773,454	8.8%	6.3%
Additional Coverages*	82,386		
Allied+Add'l Covgs	855,840	7.9%	5.7%
Total	1,464,238	15.3%	5.9%
\$\$ Change		\$ 223,895	\$ 87,057

* includes Liability, Identity Theft and Earthquake

Republic Underwriters Insurance Company
Arkansas Dwelling Fire (DP-3)
Proposed Territory Base Rates

Exhibit II
Fire & EC

Territory	Description	Current				Proposed Base Rate Change				Proposed			
		Fire Cov. A	Fire Cov. C	EC Cov. A	EC Cov. C	Fire Cov. A	Fire Cov. C	EC Cov. A	EC Cov. C	Fire Cov. A	Fire Cov. C	EC Cov. A	EC Cov. C
001	Benton and Washington Counties	242	39	272	68	6%	6%	6%	6%	257	41	289	72
002	Carroll and Madison Counties	248	39	313	68	6%	6%	6%	6%	264	41	333	72
003	Baxter, Boone and Marion Counties	248	39	313	68	6%	6%	6%	6%	264	41	333	72
004	Fulton, Independence, Izard and Sharp Counties	248	39	313	68	6%	6%	6%	6%	264	41	333	72
005	Lawrence County	259	39	364	68	6%	6%	6%	6%	275	41	387	72
006	Clay, Greene and Randolph Counties	270	39	415	68	6%	6%	6%	6%	287	41	441	72
007	Crawford and Sebastian Counties	242	39	263	68	6%	6%	6%	6%	257	41	280	72
008	Conway, Franklin, Johnson, Newton, and Pope Counties	248	39	313	68	6%	6%	6%	6%	264	41	333	72
009	Cleburne, Searcy, Stone, and Van Buren Counties	242	39	263	68	6%	6%	6%	6%	257	41	280	72
010	Jackson and Woodruff Counties	259	39	364	68	6%	6%	6%	6%	275	41	387	72
011	Craighead County	242	39	263	68	6%	6%	6%	6%	257	41	280	72
012	Mississippi County	270	39	415	68	6%	6%	6%	6%	287	41	441	72
013	Logan County	248	39	313	68	6%	6%	6%	6%	264	41	333	72
014	Yell County	248	39	313	68	6%	6%	6%	6%	264	41	333	72
015	Faulkner County	242	39	263	68	6%	6%	6%	6%	257	41	280	72
016	White County	259	39	364	68	6%	6%	6%	6%	275	41	387	72
017	Cross, Lee, Poinsett and St. Francis Counties	270	39	415	68	6%	6%	6%	6%	287	41	441	72
018	Crittenden County	270	39	415	68	6%	6%	6%	6%	287	41	441	72
019	Montgomery, Polk, and Scott Counties	248	39	313	68	6%	6%	6%	6%	264	41	333	72
020	Remainder of Garland, Hot Spring and Perry Counties	242	39	263	68	6%	6%	6%	6%	257	41	280	72
021	Grant and Remainder of Saline Counties	242	39	263	68	6%	6%	6%	6%	257	41	280	72
022	Remainder of Pulaski County	237	39	254	68	6%	6%	6%	6%	252	41	270	72
023	Lonoke County	248	39	313	68	6%	6%	6%	6%	264	41	333	72
024	Prairie County	259	39	364	68	6%	6%	6%	6%	275	41	387	72
025	Monroe County	259	39	364	68	6%	6%	6%	6%	275	41	387	72
026	Jefferson County	259	39	364	68	6%	6%	6%	6%	275	41	387	72
027	Arkansas County	270	39	415	68	6%	6%	6%	6%	287	41	441	72
028	Phillips County	270	39	415	68	6%	6%	6%	6%	287	41	441	72
029	Clark, Howard, Pike, and Sevier Counties	248	39	313	68	6%	6%	6%	6%	264	41	333	72
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	270	39	415	68	6%	6%	6%	6%	287	41	441	72
031	Desha County	270	39	415	68	6%	6%	6%	6%	287	41	441	72
032	Little River and Miller Counties	242	39	263	68	6%	6%	6%	6%	257	41	280	72
033	Hempstead and LaFayette Counties	259	39	364	68	6%	6%	6%	6%	275	41	387	72
034	Nevada and Ouachita Counties	259	39	364	68	6%	6%	6%	6%	275	41	387	72
035	Columbia County	248	39	313	68	6%	6%	6%	6%	264	41	333	72
036	Union County	248	39	313	68	6%	6%	6%	6%	264	41	333	72
037	Ashley, Chicot and Drew Counties	270	39	415	68	6%	6%	6%	6%	287	41	441	72
038	Cities of Little Rock and North Little Rock(Pulaski County)	237	39	254	68	6%	6%	6%	6%	252	41	270	72
039	Hot Springs Village (Garland and Saline Counties)	231	39	246	68	6%	6%	6%	6%	246	41	261	72

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Statewide Rate Level Indications

Exhibit I
Fire

Data as of: Dec-13

Proposed Effective Dates
New: 5/15/2014
Renewal: 6/15/2014

Republic Group Of Insurance Companies

Losses

	(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year			Ultimate	Current	Projection	Trended
Ending	Incurred	Development	Incurred	Cost	Factor	Ultimate
December	Loss	Factor	Loss	Factors	6/15/2015	Incurred Loss
2009	223,015	1.000	223,015	1.170	1.080	281,701
2010	259,677	1.000	259,677	1.125	1.080	315,394
2011	552,942	1.000	552,942	1.082	1.080	645,753
2012	961,629	1.000	961,629	1.040	1.080	1,079,843
2013	450,216	1.005	452,467	1.000	1.080	488,548

Premiums & Loss Ratio

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Earned Premiums							Trended	
Fiscal Year		Onlevel	at Current	Current	On-Level	Projection	Trended	Ultimate	
Ending	Actual	Factor	Rate	Amount	at Current	Factor	at Current	On-Level	Weights
December				Factors	Amounts	6/15/2015	Rate Level	Loss Ratio	
2009	198,957	1.166	232,035	1.067	247,513	1.039	257,289	109.5%	0.05
2010	420,775	1.167	491,020	1.055	517,884	1.039	538,339	58.6%	0.10
2011	584,703	1.166	681,886	1.023	697,540	1.039	725,091	89.1%	0.20
2012	762,899	1.146	874,500	0.992	867,669	1.039	901,940	119.7%	0.30
2013	691,376	1.076	743,798	1.000	743,798	1.039	773,176	63.2%	0.35

Indication

		(24b)
(17) Premium Weighted Projected Loss Ratio	87.2%	Accident
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	2.3%	Year
(19) Weighted Loss & ALAE Ratio	89.1%	2009
(20) Fixed Expense Ratio	10.2%	2010
(21) Permissible Loss & ALAE Ratio	65.3%	2011
Variable Expense Ratio	28.3%	2012
ULAE Ratio	6.4%	2013
Total	34.7%	2,167
(22) Indicated Change Before Credibility	52.2%	
(23) Compliment to Credibility	2.4%	
(24) Credibility Table Value	0.466	

(25) Indicated Statewide Rate Level Change 25.6%

(26) Selected Statewide Rate Level Change 6.3%

Notes:

- | | |
|----------------------------------|--|
| (2) is from Exhibit III. | (14) = (6) / (13) |
| (3) = (1) x (2). | (17) = average of (14) weighted by (15). |
| (4) is from Exhibit IV. | (18) is from Exhibit V. |
| (5) is from Exhibit IV. | (19) = (17) x [1.000 + (18)]. |
| (6) = (3) x (4) x (5). | (20) is from Exhibit VII, Fire. |
| (8) is from Exhibit II, Page 2. | (21) is from Exhibit V and Exhibit VII. |
| (9) = (7) x (8) | (22) = [(19) + (20)] / [(21) - 1]. |
| (10) is from Exhibit II, Page 1. | (23) is net trend, trended from the last rate change to 6/15/2015. |
| (11) = (9) x (10) | (24) = [(Total of (24b) / 41167) ^ 0.5. See Exhibit VIII. |
| (12) is from Exhibit II, Page 1. | (25) = [(19)+(20)] / (21)-1) x (24) + [1.000 - (24)] x (23). |
| (13) = (11) x (12) | (26) is selected by the Republic group and includes misc. coverages. |

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire

Exhibit II
Page 1
Fire

Premium Trend Development

Year-Qtr	Rolling 4 Quarter Basis		
	(1) Earned Exposures	(2) Current Level Earned Prem	(3) Average Earned Prem
2009-3	502	162,558	324
2009-4	721	232,035	322
2010-1	935	299,634	320
2010-2	1,136	364,385	321
2010-3	1,329	427,804	322
2010-4	1,509	491,020	325
2011-1	1,658	543,618	328
2011-2	1,786	588,928	330
2011-3	1,905	633,390	332
2011-4	2,032	681,886	336
2012-1	2,180	738,015	339
2012-2	2,334	797,803	342
2012-3	2,466	851,254	345
2012-4	2,528	874,500	346
2013-1	2,520	871,696	346
2013-2	2,445	844,528	345
2013-3	2,314	796,206	344
2013-4	2,167	743,798	343

Average Earned Date	(4) Average Earned Prem	(5) Premium Index	Premium Trend	
7/1/2009	322	1.067	4-point	-1.05%
7/1/2010	325	1.055	8-point	0.64%
7/1/2011	336	1.023	12-point	1.93%
7/1/2012	346	0.992	16-point	2.34%
7/1/2013	343	1.000	(6) Selected	2.00%

Years From Midpoint Of Latest Year's Data	
(7) To 12 Months Past Renewal	1.9
(8) Premium Projection Factor	1.039

Notes:

- (3) = (2)/(1).
(4) from respective quarters in (3).
(5) = Last Period of (4)/(4).
(8) = (1+(6))^(7)

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Rate History

Exhibit II
Page 2
Fire

Date of Change	Overall Statewide Change
08/01/08	Initial Filing
03/01/12	6.0%
4/1/2013	10.0%

Fiscal Year Ending December	Overall On-Level Factor
2009	1.166
2010	1.167
2011	1.166
2012	1.146
2013	1.076

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Countrywide Fire

Exhibit III
Fire

State Of: **Arkansas**

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Fire data of the Republic Group as of 12/2013, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending							
September	12	24	36	48	60	72	84
2002	1,137,397	1,146,445	1,105,774	1,105,774	1,105,774	1,105,774	1,105,774
2003	1,518,280	1,659,645	1,663,865	1,663,865	1,663,865	1,663,865	1,663,865
2004	988,565	964,588	964,985	964,985	964,985	964,985	964,985
2005	1,199,309	1,336,087	1,321,520	1,321,520	1,321,520	1,321,520	1,321,520
2006	1,149,892	1,268,706	1,266,644	1,266,644	1,266,644	1,266,644	1,266,644
2007	1,143,890	1,241,520	1,241,012	1,274,112	1,274,112	1,274,112	1,274,112
2008	1,681,152	1,639,954	1,658,557	1,658,557	1,576,646	1,576,646	
2009	2,099,719	2,155,837	2,154,367	2,154,367	2,154,367		
2010	1,643,851	1,777,434	1,778,030	1,778,030			
2011	1,842,765	1,706,054	1,704,501				
2012	2,231,458	2,162,925					
2013	917,133						

Triangle of Link Ratios:

Fiscal Year Ending						
September	12:24	24:36	36:48	48:60	60:72	72:84
2002	1.008	0.965	1.000	1.000	1.000	1.000
2003	1.093	1.003	1.000	1.000	1.000	1.000
2004	0.976	1.000	1.000	1.000	1.000	1.000
2005	1.114	0.989	1.000	1.000	1.000	1.000
2006	1.103	0.998	1.000	1.000	1.000	1.000
2007	1.085	1.000	1.027	1.000	1.000	1.000
2008	0.975	1.011	1.000	0.951	1.000	
2009	1.027	0.999	1.000	1.000		
2010	1.081	1.000	1.000			
2011	0.926	0.999				
2012	0.969					

Averages

All	1.032	0.996	1.003	0.994	1.000	1.000
Last 3	0.992	0.999	1.000	0.984	1.000	1.000
Last 5 xhl	0.990	1.000	1.000	1.000	1.000	1.000

	12:24	24:36	36:48	48:60	60:72	72:84	"Tail" 84-Ult.
Selected	1.005	1.000	1.000	1.000	1.000	1.000	1.000
LDF's to Ult:	1.005	1.000	1.000	1.000	1.000	1.000	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire

Exhibit IV
Fire

Loss Trend Development

Year-Qtr	Rolling Quarter Basis					(6) Frequency	(7) Severity	(8) Pure Premium
	(1) Ultimate Counts	(2) Ultimate Losses	(3) Earned Exposures	(4) Rolling Qtr Ult. Counts	(5) Rolling Qtr Ult. Losses			
2009-2								
2009-3	5	219,807	502	5	219,807	0.0100	43,961	438
2009-4	0	0	721	5	219,807	0.0069	43,961	305
2010-1	0	0	935	5	219,807	0.0053	43,961	235
2010-2	1	512	1,136	6	220,319	0.0053	36,720	194
2010-3	7	184,733	1,329	8	185,245	0.0060	23,156	139
2010-4	3	70,584	1,509	11	255,830	0.0073	23,257	170
2011-1	5	167,512	1,658	16	423,342	0.0097	26,459	255
2011-2	1	67,600	1,786	16	490,430	0.0090	30,652	275
2011-3	2	94,564	1,905	11	400,260	0.0058	36,387	210
2011-4	6	215,996	2,032	14	545,672	0.0069	38,977	269
2012-1	0	0	2,180	9	378,160	0.0041	42,018	173
2012-2	4	488,197	2,334	12	798,757	0.0051	66,563	342
2012-3	4	368,808	2,466	14	1,073,002	0.0057	76,643	435
2012-4	1	102,998	2,528	9	960,004	0.0036	106,667	380
2013-1	2	296,704	2,520	11	1,256,708	0.0044	114,246	499
2013-2	2	12,040	2,445	9	780,551	0.0037	86,632	319
2013-3	0	0	2,314	5	411,743	0.0022	82,184	178
2013-4	1	162,666	2,167	5	471,410	0.0024	91,155	218

	Frequency	Severity	Pure Premium
4-point	-93.69%	-29.20%	-122.90%
8-point	-44.05%	32.91%	-11.14%
12-point	-47.44%	51.56%	4.12%
16-point	-25.78%	39.11%	13.33%

(12) Selected Historical Trend	0.00%	4.00%	4.00%
(13) Selected Future Trend	0.00%	4.00%	4.00%

Notes:

(3), (4), (5) are on a four quarter rolling basis.

(6) = (4)/(3).

(7) = (5)/(4).

(8) = (6) x (7).

(9), (10), (11) from Fast Track Circular.

(14) = (1+Pure Premium from (13))^2

Midpoint of latest year	1 yr past Renewal	
Project from 7/1/2013 ----->	6/15/2015	2.0

(14) Loss Projection Factor	1.080
-----------------------------	-------

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Loss Adjustment Expense

Exhibit V
Fire

Development of Allocated Loss Adjustment Expense (ALAE) Provision as a Percent of Incurred Losses
(Source of Data: Page 15)

Arkansas Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2008	26,856	4,142	15.4%
2009	47,441	17,036	35.9%
2010	299,424	9,431	3.1%
2011	553,751	35,768	6.5%
2012	921,289	16,168	1.8%
Average			11.8%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2008	6,555,254	108,194	1.7%
2009	4,357,680	52,260	1.2%
2010	3,151,151	80,386	2.6%
2011	3,334,183	162,448	4.9%
2012	2,847,684	29,381	1.0%
Average			2.3%

Selected ALAE Provision as a Percent of Incurred Losses: 2.3%

Development of Unallocated Loss Adjustment Expense (ULAE) Provision as a Percent of Earned Premium
(Source of Data: Insurance Expense Exhibits)

Countrywide Data

Calendar Year	(1) Earned Premium (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2008	7,211	533	7.4%
2009	9,076	862	9.5%
2010	8,776	196	2.2%
2011	7,965	1,016	12.8%
2012	8,350	29	0.3%
Average			6.4%

Selected ULAE Provision as a Percent of Earned Premium: 6.4%

Countrywide data includes Republic Lloyds, Republic Underwriters, Southern Insurance, Republic Fire & Casualty, and Southern Underwriters

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire

Exhibit VII
Fire

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2010	2011	2012	Selected
Fixed				
General Expense ¹ :	6.5%	5.0%	5.8%	5.8%
Other Acquisition ¹ :	6.9%	5.1%	6.0%	6.0%
Policy Fees Received ² :	(1.2%)	(2.1%)	(1.8%)	(1.7%)
Total Fixed Expenses :	12.2%	8.0%	10.1%	10.1%
AR Dwelling Fire Earned Premium	420,775	584,703	762,899	
Fixed Expense \$ Amount	51,428	46,611	76,932	
Fixed Expense Trend @ 4% Annual	1.215	1.168	1.123	
Trended Fixed Expenses	62,476	54,447	86,398	78,833
AR DF Projected Earned Premium	491,020	681,886	874,500	773,176
Proj. Fixed Expense as % of Premium	12.7%	8.0%	9.9%	10.2%
Variable				
Commission and Brokerage ³ :	17.7%	17.5%	16.0%	16.0%
Taxes, Licenses, and Fees ³ :	3.2%	3.8%	3.8%	3.8%
Profit and Contingencies Provision ⁴ :				8.5%
Total Variable Expenses :	29.4%	29.8%	28.3%	28.3%
Total Expense Provision :	42.1%	37.8%	38.2%	38.5%
Permissible Loss & LAE Ratio :				61.5%
Variable Expense Ratio :				28.3%

¹ Insurance Expense Exhibit, Part III; as a percent of Earned Premium

Other Acquisition: Insurance Expense Exhibit, Part III; as a percent of Written Premium

² as a percent of Earned Premium

³ Annual Statement, Page 15, State of Arkansas; as a percent of Written Premium

⁴ Exhibit IX, Page 1

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Assignment of Credibility

Exhibit VIII
Fire

Fiscal Year Ending September	Earned House-Years
2009	721
2010	1,509
2011	2,032
2012	2,528
2013	2,167
(1) Total Earned House-Years :	8,956
(2) Claim Standard for Full Credibility ¹ :	1,082
(3) Assigned Credibility ((1) / (5)) ^{u.5} , maximum 100%	46.6%

¹ Frequency only; within 5% with 90% confidence

² Selected Republic Underwriters EC credibility standard

Calculation of After-tax Return on Surplus

After-tax Return on Equity = After-tax return on surplus
+ (Premium / Surplus) x After-tax Return on Reserves
+ (1-tax rate) X (Premium / Surplus) X (targeted pre-tax underwriting profit)

(1) After-Tax return on investment earnings	1.5%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.7
(4) Return on reserves, after tax	0.6%
(5) Targeted pre-tax underwriting profit	8.5%
(6) After-Tax Return on Surplus	12.0%
(1) + (3)x(4) + [(1-(2)) x (3)x(5)]	

Estimated Investment Earnings On Loss & Loss Adjustment Expense Reserves

1. Loss and Loss Adjustment Expense Reserves as of December 31, 2011 (a)	\$17,367,216
2. Loss and Loss Adjustment Expense Reserves as of December 31, 2012 (a)	\$14,580,838
3. Mean Loss and Loss Adjustment Expense Reserves $[(1) + (2)] / 2$	\$15,974,027
4. Actual Incurred Loss and Loss Adjustment Expenses (b), (d) [$1.0929 \times 48,835,938$]	\$53,372,797
5. Average period \$1.00 of Loss and LAE remains in reserves (in years) $[(3) / (4)]$	0.299
6. Average Rate of Return on Invested Income (c)	1.52%
7. Expected investment earnings on \$1.00 of Loss and LAE while in reserves $[(1+(6))^{(5)} - 1]$	\$0.0045
8. Expected Loss and LAE Ratio = $(1.000 - \text{Expense Ratio})$ (e)	61.5%
9. Estimated Investment Earnings as a percentage of Net Earned Premium $[(7) * (8)]$	0.28%

- a. Source: Annual Statement, Part 3a, Column 5 + Column 6, Line 4
- b. Source: Annual Statement, Part 3, Column 7, Line 4
- c. Source: Exhibit IX, Page 4
- d. Sources: LAE factor, from the 2012 year-end D.O. Statement
- e. Source: Exhibit VIII, Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2011 (a)	51,277,112	11,126,401	62,403,513
2. Homeowners Unearned Premium Reserve as of December 31, 2012 (a)	47,477,499	10,365,394	57,842,893
3. Mean Homeowners Unearned Premium Reserve $[(1)+(2)]/2$	49,377,306	10,745,898	60,123,203
4. Reduction Due to Booking Installment as Full (b)	23,404,843	xxxxxxxxx	23,404,843
5. Net Mean Homeowners Unearned Premium Reserve	25,972,463	10,745,898	36,718,360
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (W.P.)	16.0%		
(B) Taxes, Licenses, & Fees (W.P.)	3.8%		
(C) 50% of Other Acq. & Gen. Expense (E.P.)	5.9%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			25.7%
7. Agents' balances as of December 31, 2011 (d)			87,779,260
8. Agents' balances as of December 31, 2012 (d)			82,695,936
9. Mean Agents' Balances $[(7)+(8)]/2$			85,237,598
10. All lines Net Earned Premium for 2012 (e)			328,728,100
11. Factor Representing Delayed Remission of Premium $[(9)/(10)]$			0.259
12. Net Mean Homeowners Unearned Premiums Subject to Investment $[(5) \times \{1.0 - (6D)\} \times \{1.0 - (11)\}]$			20,215,771
13. Average Rate-of-Return on Investible Income (f)			1.52%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			307,709
15. Homeowners Net Earned Premium for 2012 (g)			93,090,876
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.33%

a) A. S., Part 2, Line 4, Columns 2 & 3

b) Installment Plan calls for 25% due on Effective Date, payments thereafter in the 3rd, 5th 7th, & 9th months.

By comparison, it can be shown that the average monthly unearned premium reserve on the installment plan is 28.47% of the written, while that on the prepaid basis is 54.17%. Hence, a reduction in the unearned premium reserve of 47.4% is appropriate on installment business $[(54.17 - 28.47)/54.17]$.

c) See Exhibit VII, Fire

d) A. S., Page 2, Line 13.1 + Line 13.2

e) A. S., Part 2, Column 4, Line 32

f) Exhibit IX, Page 4

g) A. S., Part 2, Column 4, Line 4

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Calculation of After-Tax Investment Rate of Return

Exhibit IX
 Page 4
 Fire

	Southern	Republic-Vanguard	Republic Underwriters	Republic Lloyds	Southern Underwriters	Republic Fire & Cas.	Southern Cnty Mutual	Grand Total	
Investment Income Calendar Year 2012 (2012 AS)									
(1) Net Investment Income (Page 12, Line 17)	907,281	486,593	17,308,057	96,870	128,472	164,595	0	19,091,868	
(2) Common stock of affiliates (Page 12, Col. 1, Line 2.21)	0	0	5,973,400	0	0	0	0	5,973,400	
(3) Net Investment Income after consolidation (1) - (2)	907,281	486,593	11,334,657	96,870	128,472	164,595	0	13,118,468	(A)
Capital Gains Calendar Year 2011 (2011 AS)									
(4) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	11,156	78,178	5,450,246	8,186	82,412	18,469	22,950	5,671,597	
(5) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	825	0	561,160	0	0	0	1,250	563,235	
(6) Total Net Capital Gains after Tax (7) + (8)	11,981	78,178	6,011,406	8,186	82,412	18,469	24,200	6,234,832	(B)
Capital Gains Calendar Year 2012 (2012 AS)									
(7) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	899,537	711,743	14,164,637	21,694	245,953	296,412	1,365,089	17,705,065	
(8) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	0	0	-849,658	0	0	0	0	-849,658	
(9) Total Net Capital Gains after Tax (7) + (8)	899,537	711,743	13,314,979	21,694	245,953	296,412	1,365,089	16,855,407	(C)
Invested Assets as of 12/31/2011 (2011 AS)									
(10) Total Invested Assets (Page 2, Line 12, Col 3)	49,637,752	23,321,076	523,103,885	12,677,213	5,507,508	8,602,313	31,841,867	654,691,614	
(11) Value of consolidated affiliates (Page S104, Line 24, Col 2 - SchD)	0	0	91,216,844	0	0	0	0	91,216,844	
(12) Net invested assets after consolidation (13) - (14)	49,637,752	23,321,076	431,887,041	12,677,213	5,507,508	8,602,313	31,841,867	563,474,770	(D)
Invested Assets as of 12/31/2012 (2012 AS)									
(13) Total Invested Assets (Page 2, Line 12, Col 3)	39,852,208	24,450,075	524,716,224	12,025,812	5,477,822	8,339,982	32,002,095	646,864,218	
(14) Value of consolidated affiliates (Page SI04, Line 24, Col 2 - SchD)	0	0	89,929,483	0	0	0	0	89,929,483	
(15) Net invested assets after consolidation (13) - (14)	39,852,208	24,450,075	434,786,741	12,025,812	5,477,822	8,339,982	32,002,095	556,934,735	(E)
Capital Gains Rate of Return (After-Tax):		2.06%	(F) = ((B) + (C)) / ((D) + (E))						
Investment Income Rate of Return (Pre-Tax):		2.34%	(G) = (A) / (Avg ((D) , (E)))						
Effective Tax-Rate in Investment Earnings:		0.35	(H)						
Rate of Return (After-Tax) on Investment Income:		1.52%	(I) = (G) x (1.000 - (H))						

Notes:

Item (1) is net of investment expenses.

Items (5) and (8) are valued at Market.

This is appropriate as this is how these items are carried in (4) and (7) respectively.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Statewide Rate Level Indications

Exhibit I
EC

Data as of: Dec-13

Proposed Effective Dates

New: 5/15/2014

Renewal: 6/15/2014

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1) Non-Cat	(2) Catastrophe	(3) Development	(4) Ultimate	(5) Current	(6) Projection	(7) Trended
Ending	Incurred	Loss	Factor	Non-Hurr	Cost	Factor	Ultimate
December	Loss	Loss	Factor	Cat Adjusted	Factors	6/15/2015	Incurred Loss
2009	99,955	67,192	1.000	189,955	1.000	1.039	197,458
2010	149,776	75,920	1.000	284,635	1.000	1.039	295,877
2011	214,134	728,482	1.005	408,975	1.000	1.039	425,129
2012	420,597	220,706	1.015	811,332	1.000	1.039	843,377
2013	357,310	7,107	1.106	751,285	1.000	1.039	780,959

Premiums & Loss Ratio

Fiscal Year	(8) Earned Premiums	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Ending	Actual	Onlevel	at Current	Current	On-Level	Projection	Trended	Trended	
December	Actual	Factor	Rate	Amount	at Current	Factor	at Current	Ultimate	Weights
				Factors	Amounts	6/15/2015	Rate Level	On-Level	
								Loss Ratio	
2009	170,784	1.812	309,480	1.073	332,136	1.030	341,957	57.7%	0.05
2010	369,911	1.813	670,777	1.036	694,863	1.030	715,411	41.4%	0.10
2011	508,895	1.814	922,881	1.014	935,914	1.030	963,590	44.1%	0.20
2012	712,637	1.658	1,181,290	0.986	1,164,183	1.030	1,198,609	70.4%	0.30
2013	809,479	1.233	998,019	1.000	998,019	1.030	1,027,532	76.0%	0.35

Indication

		(23b)
(17) Premium Weighted Projected Loss Ratio	63.6%	Accident
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	1.5%	Year
(19) Weighted Loss & ALAE Ratio	64.5%	2009
(20) Fixed Expense Ratio	6.7%	2010
(21) Permissible Loss & ALAE Ratio	60.2%	2011
Variable Expense Ratio	31.7%	2012
ULAE Ratio	8.1%	2013
Total	39.8%	
(22) Indicated Rate Change before Credibility	18.2%	
(23) Compliment to Credibility	0.6%	
(24) Credibility Table Value	0.466	
(25) Indicated Statewide Rate Level Change	8.8%	
(26) Selected Statewide Rate Level Change	5.7%	

Notes:

- (3) is from Exhibit III.
(4) = (1) x (3) x Cat Factor of 1.900. (see Exhibit VI, EC)
(5) is from Exhibit IV.
(6) is from Exhibit IV.
(7) = (4) x (5) x (6).
(9) is from Exhibit II, Page 2.
(10) = (8) x (9).
(11) is from Exhibit II, Page 1.
(12) = (10) x (11).
(13) is from Exhibit II, Page 1.
(14) = (12) x (13).
(15) = (7) / (14).
(17) = average of (15) weighted by (16).
(18) is from Exhibit V.
(19) = (17) x [1.000 + (18)].
(20) is from Exhibit VII, Page 1.
(21) is from Exhibit V and Exhibit VII.
(22) = [(19) + (20)] / [(21) - 1].
(23) is net trend, trended from the last rate change to 6/15/2015.
(24) = [(Total of (23b) / 41167) ^ 0.5. See Exhibit VIII.
(25) = (22) x (24) + [1.000 - (24)] x (23).
(26) is selected by the Republic group and includes misc. coverages.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit II
Page 1
EC

Premium Trend Development

Year-Qtr	Rolling 4 Quarter Basis		
	(1) Earned Exposures	(2) Current Level Earned Prem	(3) Average Earned Prem
2010-3	1,329	583,186	439
2010-4	1,509	670,777	445
2011-1	1,658	742,839	448
2011-2	1,786	803,793	450
2011-3	1,905	861,923	452
2011-4	2,032	922,881	454
2012-1	2,180	994,198	456
2012-2	2,334	1,073,562	460
2012-3	2,466	1,145,338	464
2012-4	2,528	1,181,290	467
2013-1	2,520	1,179,579	468
2013-2	2,445	1,140,485	466
2013-3	2,314	1,072,669	464
2013-4	2,167	998,019	461

Average Earned Date	(4) Average Earned Prem	(5) Premium Index	Premium Trend	
7/1/2009	429	1.073	4-point	-2.16%
7/1/2010	445	1.036	8-point	0.59%
7/1/2011	454	1.014	12-point	1.42%
7/1/2012	467	0.986	16-point	2.07%
7/1/2013	461	1.000		
			(6) Selected	1.50%

Years From Midpoint Of Latest Year's Data	
(7) To 12 Months Past Renewal	2.0
(8) Premium Projection Factor	1.030

Notes:

- (3) = (2)/(1).
(4) from respective quarters in (3).
(5) = Last Period of (4)/ (4).
(8) = (1+(6))^(7)

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Rate History

Exhibit II
Page 2
EC

Date of Change	Overall Statewide Change
08/01/08	Initial Filing
03/01/12	39.4%
04/01/13	30.0%

Fiscal Year Ending December	Overall On-Level Factor
2009	1.812
2010	1.813
2011	1.814
2012	1.658
2013	1.233

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Countrywide EC
State Of: **Arkansas**

Exhibit III
 EC

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Fire data of the Republic Group as of 12/2013, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending							
September	12	24	36	48	60	72	84
2002	1,999,914	2,201,676	2,213,977	2,209,587	2,233,902	2,235,136	2,235,136
2003	1,603,688	1,815,005	1,824,117	1,826,418	1,877,236	1,877,236	1,877,236
2004	2,389,436	2,774,521	2,783,893	2,782,748	2,788,732	2,793,151	2,803,212
2005	1,682,135	1,651,039	1,646,915	1,650,243	1,675,243	1,675,243	1,675,243
2006	1,800,990	2,043,888	2,052,812	2,055,652	2,064,628	2,072,435	2,073,573
2007	1,823,337	1,819,078	1,832,905	1,823,279	1,823,279	1,823,279	1,823,279
2008	1,843,237	2,258,996	2,219,821	2,241,927	2,246,191	2,249,251	
2009	3,476,412	3,934,669	3,984,117	3,956,223	4,004,306		
2010	2,559,078	2,804,221	2,808,906	2,850,113			
2011	2,682,712	2,701,297	2,784,920				
2012	2,480,479	2,609,106					
2013	3,123,843						

Triangle of Link Ratios:

Fiscal Year Ending						
September	12:24	24:36	36:48	48:60	60:72	72:84
2002	1.101	1.006	0.998	1.011	1.001	1.000
2003	1.132	1.005	1.001	1.028	1.000	1.000
2004	1.161	1.003	1.000	1.002	1.002	1.004
2005	0.982	0.998	1.002	1.015	1.000	1.000
2006	1.135	1.004	1.001	1.004	1.004	1.001
2007	0.998	1.008	0.995	1.000	1.000	1.000
2008	1.226	0.983	1.010	1.002	1.001	
2009	1.132	1.013	0.993	1.012		
2010	1.096	1.002	1.015			
2011	1.007	1.031				
2012	1.052					
Averages						
Total	1.093	1.005	1.002	1.009	1.001	1.001
Last 3	1.052	1.015	1.006	1.005	1.002	1.000
Last 5 xhl	1.093	1.008	1.002	1.006	1.001	1.000

	12:24	24:36	36:48	48:60	60:72	72:84	"Tail" 84-Ult.
Selected	1.090	1.010	1.005	1.000	1.000	1.000	1.000
LDF	1.106	1.015	1.005	1.000	1.000	1.000	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit IV
EC

Loss Trend Development

Year-Qtr	Rolling Quarter Basis					(6) Frequency	(7) Severity	(8) Pure Premium
	(1) Ultimate Counts	(2) Ultimate Losses	(3) Earned Exposures	(4) Ultimate Counts	(5) Ultimate Losses			
2010-3	7	46,029	1,329	18	80,124	0.0135	4,451	60
2010-4	19	91,949	1,509	32	149,776	0.0212	4,681	99
2011-1	15	42,841	1,658	44	186,994	0.0265	4,250	113
2011-2	15	82,751	1,786	56	263,570	0.0314	4,707	148
2011-3	7	36,286	1,905	56	253,826	0.0294	4,533	133
2011-4	13	52,257	2,032	50	214,134	0.0246	4,283	105
2012-1	13	76,602	2,180	48	247,895	0.0220	5,164	114
2012-2	11	72,521	2,334	44	237,664	0.0189	5,401	102
2012-3	32	184,618	2,466	69	385,997	0.0280	5,589	157
2012-4	24	86,857	2,528	80	420,597	0.0317	5,242	166
2013-1	16	56,052	2,520	84	400,048	0.0331	4,791	159
2013-2	30	142,775	2,445	102	470,302	0.0418	4,597	192
2013-3	13	126,779	2,314	83	412,463	0.0358	4,974	178
2013-4	2	41,848	2,167	61	367,455	0.0282	6,005	170

	Frequency	Severity	Pure Premium
4-point	-25.35%	30.25%	4.90%
8-point	29.54%	-0.16%	29.38%
12-point	10.26%	7.05%	17.31%
16-point	15.89%	7.49%	23.39%

(12) Selected Historical Trend	0.00%	0.00%	0.00%
(13) Selected Future Trend	0.00%	2.00%	2.00%

Notes:

(3), (4), (5) are on a four quarter rolling basis.

(6) = (4)/(3).

(7) = (5)/(4).

(8) = (6) x (7).

(9), (10), (11) from Fast Track Circular.

(14) = (1+Pure Premium from (13))^2

	Midpoint of latest year	1 yr past Renewal	
Project from	7/1/2013	----->	6/15/2015
			2.0 yrs.
(14) Loss Projection Factor			1.039

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Loss Adjustment Expense

Exhibit V
 EC

Development of Allocated Loss Adjustment Expense (ALAE) Provision as a Percent of Incurred Losses
(Source of Data: Page 15)

Arkansas Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2008	2,811	184	6.5%
2009	425,657	12,265	2.9%
2010	227,730	-530	-0.2%
2011	1,115,957	28,091	2.5%
2012	702,404	8,020	1.1%
Average			1.6%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2008	36,020,911	1,275,065	3.5%
2009	17,703,400	-216,566	-1.2%
2010	13,308,272	242,112	1.8%
2011	12,519,357	258,298	2.1%
2012	8,333,880	79,405	1.0%
Average			1.4%

Selected ALAE Provision as a Percent of Incurred Losses: **1.5%**

Development of Unallocated Loss Adjustment Expense (ULAE) Provision as a Percent of Earned Premium
(Source of Data: Insurance Expense Exhibits)

Countrywide Data

Calendar Year	(1) Earned Premium (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2008	26,099	4,429	17.0%
2009	27,542	2,328	8.5%
2010	30,114	2,066	6.9%
2011	30,451	1,770	5.8%
2012	26,738	606	2.3%
Average			8.1%

Selected ULAE Provision as a Percent of Earned Premium: **8.1%**

Countrywide data includes Republic Lloyds, Republic Underwriters, Southern Insurance, Republic Fire & Casualty,
 and Southern Underwriters

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Expected Non-Hurricane Catastrophe Provision

Exhibit VI
EC

Arkansas Extended Coverage

Fiscal Year Ending September	Ext. Coverage Non-Cat Ultimate Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Ult Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Factor
2009	289,239	68,105	1.236
2010	149,773	78,418	1.524
2011	262,839	737,199	3.805
2012	420,591	239,784	1.570
2013	367,449	8,248	1.022
Total	1,489,891	1,131,753	1.760
Straight Average			1.831
Weighted Average			1.760
Selected Catastrophe Factor:			1.900

Oklahoma Fiscal Year

Ending December	Incurred Non-Cat Losses	Incurred Cat Losses	Cat Factor
1992	61,505	94,396	2.535
1993	171,188	133,087	1.777
1994	310,938	21,186	1.068
1995	385,967	87,763	1.227
1996	280,475	102,486	1.365
1997	333,434	-	1.000
1998	177,117	44,157	1.249
1999	207,667	237,676	2.145
2000	192,039	66,105	1.344
2001	136,712	80,134	1.586
2002	195,858	28,225	1.144
2003	203,856	408,216	3.003
2004	255,012	184,253	1.723
2005	153,856	260,979	2.696
2006	356,500	113,891	1.320
2007	329,433	550,737	2.672
2008	284,755	1,317,111	5.625
2009	449,661	253,691	1.564
2010	333,114	458,796	2.377
2011	321,726	496,777	2.544
2012	416,494	947,980	3.276
2013	388,049	2,797,681	8.210
Total	5,945,356	8,685,327	2.461

All Year Average: 2.339
10 Year Average: 3.201
10 Year Average xhl: 2.810
Selected Factor: 2.339

Note - due to the lack of experience in Arkansas. (2013 in OK was Annualized)

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit VII
Page 1
EC

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2010	2011	2012	Selected
Fixed				
General Expense ¹ :	6.5%	5.0%	5.8%	5.8%
Other Acquisition ¹ :	6.9%	5.1%	6.1%	6.0%
Policy Fees Received ² :	(1.3%)	(2.3%)	(1.8%)	(1.8%)
Total Fixed Expenses :	12.1%	7.8%	10.1%	10.0%
AR Dwelling Fire EC Earned Premium	369,911	508,895	712,637	
Fixed Expense \$ Amount	44,838	39,552	71,865	
Fixed Expense Trend @ 4% Annual	1.215	1.168	1.123	
Trended Fixed Expenses	54,470	46,201	80,708	68,361
AR DF EC Projected Earned Premium	670,777	922,881	1,181,290	1,027,532
Proj. Fixed Expense as % of Premium	8.1%	5.0%	6.8%	6.7%
Variable				
Commission and Brokerage ³ :	17.4%	17.4%	16.5%	17.1%
Taxes, Licenses, and Fees ³ :	3.2%	3.9%	3.8%	3.8%
Profit and Contingencies Provision ⁴ :				8.5%
Cost of Reinsurance (2013) ⁵				2.3%
Total Variable Expenses :	29.1%	29.8%	28.8%	31.7%
Total Expense Provision :	37.2%	34.8%	35.6%	38.3%
Permissible Loss & LAE Ratio :				61.7%
Variable Expense Ratio :				31.7%

¹ Insurance Expense Exhibit, Part III; as a percent of Earned Premium

Other Acquisition: Insurance Expense Exhibit, Part III; as a percent of Written Premium

² as a percent of Earned Premium

³ Annual Statement, Page 15, State of Arkansas; as a percent of Written Premium

⁴ Exhibit IX, Page 1

⁵ Exhibit VII, Page 2

Reinsurance Layer	Reinsurance Limit	2013 Property Reinsurance Cost Companywide	2013 Property Reinsurance Cost Arkansas DF	AR DF Reins. Cost as a % of Premium*
Per Risk Excess of Loss Reinsurance:				
1st Layer	4M xs 1M	5,086,256	-	
2nd Layer	10M x 5M	243,663	-	
(A) Per Risk Excess Reinsurance Total Cost		5,329,919	0	
(B) Estimated Reinsurer Profit, Expense, & Risk Load			0	0.00%
Catastrophe Reinsurance:				
		2013 CAT Reins. Cost Companywide	2013 CAT Reins. Cost AR DF	
1st Layer	20M xs 20M 2 Events	6,436,160	24,823	
2nd Layer	60M xs 40M 2 Events	10,588,523	13,183	
3rd Layer	75M xs 100M 1 Event	7,396,401	2,769	
4th Layer	125M xs 175M 1 Event	3,892,842	1,458	
(C) Cat Reinsurance Total Cost		28,313,925	42,233	
(D) AIR CLASIC v12.0 avg annual Severe Storm Loss & LAE		Companywide 19,535,083	AR DF 399,354	
(E) Projected Cat Losses Excess of \$20M Retention			17,056	
(F) Estimated Reinsurer Profit, Expenses & Risk Load (C) - (E)			25,177	2.3%
(B) + (H) Property Reinsurance Cost Over Expected Premium:			25,177	2.3%

* Reinsurance Cost is expressed as a percentage of projected 2013 Arkansas Dwelling EC Earned Premium.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Assignment of Credibility

Exhibit VIII
EC

Fiscal Year Ending September	Earned House-Years
2009	721
2010	1,509
2011	2,032
2012	2,528
2013	2,167
(1) Total Earned House-Years :	8,956
(2) Claim Standard for Full Credibility ¹ :	1,082
(3) Assigned Credibility ((1) / (5)) ^{u.s} , maximum 100%	46.6%

¹ Frequency only; within 5% with 90% confidence

Calculation of After-tax Return on Equity

$$\begin{aligned} \text{After-tax Return on Equity} = & \text{After-tax return on surplus} \\ & + (\text{Premium} / \text{Surplus}) \times \text{After-tax Return on Reserves} \\ & + (1 - \text{tax rate}) \times (\text{Premium} / \text{Surplus}) \times (\text{targeted pre-tax underwriting profit}) \end{aligned}$$

(1) After-Tax return on investment earnings	1.5%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.7
(4) Return on reserves, after tax	0.6%
(5) Targeted pre-tax underwriting profit	8.5%
(6) After-Tax Return on Equity	12.0%
$(1) + (3) \times (4) + [(1 - (2)) \times (3) \times (5)]$	

Estimated Investment Earnings On Loss & Loss Adjustment Expense Reserves

1. Loss and Loss Adjustment Expense Reserves as of December 31, 2011 (a)	\$17,367,216
2. Loss and Loss Adjustment Expense Reserves as of December 31, 2012 (a)	\$14,580,838
3. Mean Loss and Loss Adjustment Expense Reserves $[(1) + (2)] / 2$	\$15,974,027
4. Actual Incurred Loss and Loss Adjustment Expenses (b), (d) $[1.0929 \times 0]$	\$53,372,797
5. Average period \$1.00 of Loss and LAE remains in reserves (in years) $[(3) / (4)]$	0.299
6. Average Rate of Return on Invested Income (c)	1.52%
7. Expected investment earnings on \$1.00 of Loss and LAE while in reserves $[(1+(6))^{(5)} - 1]$	\$0.0045
8. Expected Loss and LAE Ratio = $(1.000 - \text{Expense Ratio})$ (e)	68.3%
9. Estimated Investment Earnings as a percentage of Net Earned Premium $[(7) * (8)]$	0.31%

- a. Source: Annual Statement, Part 3a, Column 5 + Column 6, Line 4
- b. Source: Annual Statement, Part 3, Column 7, Line 4
- c. Source: Exhibit IX, Page 4
- d. Sources: LAE factor, from the 2012 year-end D.O. Statement
- e. Source: Exhibit VIII, Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2011 (a)	51,277,112	11,126,401	62,403,513
2. Homeowners Unearned Premium Reserve as of December 31, 2012 (a)	47,477,499	10,365,394	57,842,893
3. Mean Homeowners Unearned Premium Reserve $[(1)+(2)]/2$	49,377,306	10,745,898	60,123,203
4. Reduction Due to Booking Installment as Full (b)	23,404,843	xxxxxxxxx	23,404,843
5. Net Mean Homeowners Unearned Premium Reserve	25,972,463	10,745,898	36,718,360
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (/W.P.)	17.1%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.8%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	5.9%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			26.8%
7. Agents' balances as of December 31, 2011 (d)			87,779,260
8. Agents' balances as of December 31, 2012 (d)			82,695,936
9. Mean Agents' Balances $[(7)+(8)]/2$			85,237,598
10. All lines Net Earned Premium for 2012 (e)			328,728,100
11. Factor Representing Delayed Remission of Premium $[(9)/(10)]$			0.259
12. Net Mean Homeowners Unearned Premiums Subject to Investment $[(5) \times \{1.0 - (6D)\} \times \{1.0 - (11)\}]$			19,916,479
13. Average Rate-of-Return on Investible Income (f)			1.52%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			303,153
15. Homeowners Net Earned Premium for 2012 (g)			93,090,876
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.33%

a) A. S., Part 2, Line 4, Columns 2 & 3

b) Installment Plan calls for 25% due on Effective Date, payments thereafter in the 3rd, 5th 7th, & 9th months.

By comparison, it can be shown that the average monthly unearned premium reserve on the installment plan is 28.47% of the written, while that on the prepaid basis is 54.17%. Hence, a reduction in the unearned premium reserve of 47.4% is appropriate on installment business $[(54.17-28.47)/54.17]$.

c) See Exhibit VII, Page 1

d) A. S., Page 2, Line 13.1 + Line 13.2

e) A. S., Part 2, Column 4, Line 32

f) Exhibit IX, Page 4

g) A. S., Part 2, Column 4, Line 4

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Calculation of After-Tax Investment Rate of Return

Exhibit IX
 Page 4
 EC

	Southern	Republic- Vanguard	Republic Underwriters	Republic Lloyds	Southern Underwriters	Republic Fire & Cas.	Southern Cnty Mutual	Grand Total	
Investment Income Calendar Year 2012 (2012 AS)									
(1) Net Investment Income (Page 12, Line 17)	907,281	486,593	17,308,057	96,870	128,472	164,595	0	19,091,868	
(2) Common stock of affiliates (Page 12, Col. 1, Line 2.21)	0	0	5,973,400	0	0	0	0	5,973,400	
(3) Net Investment Income after consolidation (1) - (2)	907,281	486,593	11,334,657	96,870	128,472	164,595	0	13,118,468	(A)
Capital Gains Calendar Year 2011 (2011 AS)									
(4) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	11,156	78,178	5,450,246	8,186	82,412	18,469	22,950	5,671,597	
(5) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	825	0	561,160	0	0	0	1,250	563,235	
(6) Total Net Capital Gains after Tax (7) + (8)	11,981	78,178	6,011,406	8,186	82,412	18,469	24,200	6,234,832	(B)
Capital Gains Calendar Year 2012 (2012 AS)									
(7) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	899,537	711,743	14,164,637	21,694	245,953	296,412	1,365,089	17,705,065	
(8) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	0	0	-849,658	0	0	0	0	-849,658	
(9) Total Net Capital Gains after Tax (7) + (8)	899,537	711,743	13,314,979	21,694	245,953	296,412	1,365,089	16,855,407	(C)
Invested Assets as of 12/31/2011 (2011 AS)									
(10) Total Invested Assets (Page 2, Line 12, Col 3)	49,637,752	23,321,076	523,103,885	12,677,213	5,507,508	8,602,313	31,841,867	654,691,614	
(11) Value of consolidated affiliates (Page S104, Line 24, Col 2 - SchD)	0	0	91,216,844	0	0	0	0	91,216,844	
(12) Net invested assets after consolidation (13) - (14)	49,637,752	23,321,076	431,887,041	12,677,213	5,507,508	8,602,313	31,841,867	563,474,770	(D)
Invested Assets as of 12/31/2012 (2012 AS)									
(13) Total Invested Assets (Page 2, Line 12, Col 3)	39,852,208	24,450,075	524,716,224	12,025,812	5,477,822	8,339,982	32,002,095	646,864,218	
(14) Value of consolidated affiliates (Page S104, Line 24, Col 2 - SchD)	0	0	89,929,483	0	0	0	0	89,929,483	
(15) Net invested assets after consolidation (13) - (14)	39,852,208	24,450,075	434,786,741	12,025,812	5,477,822	8,339,982	32,002,095	556,934,735	(E)
Capital Gains Rate of Return (After-Tax):		2.06%		(F)=((B)+(C)) / ((D)+(E))					
Investment Income Rate of Return (Pre-Tax):		2.34%		(G) = (A) / (Avg ((D) , (E)))					
Effective Tax-Rate in Investment Earnings:		0.35		(H)					
Rate of Return (After-Tax) on Investment Income:		1.52%		(I) = (G) x (1.000 - (H))					

Notes:

Item (1) is net of investment expenses.

Items (5) and (8) are valued at Market.

This is appropriate as this is how these items are carried in (4) and (7) respectively.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire– DP-3
Filing Memorandum

On February 14, 2014, Republic Underwriters Insurance Company submitted a rate change request for its Dwelling Fire program. The Dwelling Fire filing was for a +12.3% change based on an indication of 12.3%. On February 19, we received the following objection on the Dwelling Fire filing:

“Arkansas Code Annotated § 23-67-209 requires the most recent 5-years experience be used in rate development. Please explain why only 4 were used in the determination of the indicated rate need.”

Subsequently, on February 24, we were advised to withdraw this filing and re-file in 6 months with updated information. On February 24, 2014, Republic withdrew the filings. However, due to the large rate need and our continued lack of profitability for this line, we feel a delay of another six months would put undo financial stress on our Arkansas program.

In addition, we have addressed the original objection to the Dwelling Fire filing by including five years of data. Due to the lack of credibility and high loss ratio in 2009, we chose to give this year a 5% weighting in our revised indication.

Republic Underwriters provides the attached support to revise the statewide base rates for Arkansas Dwelling form DP-3. These revisions will result in a 5.9% premium increase to be effective on May 15, 2014 for new business and June 15, 2014 for renewal business. The most recent rate change for this program was effective April 1, 2013. Republic currently insures approximately 1,826 DP-3 Dwelling Fire policyholders in Arkansas with a concentration of these policies located in the northwest corner.

An overall indicated rate increase of 15.3% has been calculated using five years of premium and loss experience for the experience period of January 2009 – December 2013. In support of this filing, we have attached exhibits of our Fire and Extended Coverage experience for Arkansas.

Summary of Indication/Proposed Changes

- **Increase Base Rates**

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Overall Base Rate Change</u>
Fire	608,398	25.6%	6.3%
Allied	773,454	8.8%	6.3%
Allied+Add'l Covgs	855,840	7.9%	5.7%
Total	1,464,238	15.3%	5.9%

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire– DP-3**

Table of Contents

Attachments in support of this filing:

Explanatory Memorandum

Fire & EC Common Exhibits

Exhibit I: Overall Indication and Selected Change for Fire & EC

Exhibit II: Current and Proposed Base Rates by Territory

Fire Exhibits

Exhibit I: Indication

Exhibit II: Premium Trend & Rate History

Exhibit III: Loss Development

Exhibit IV: Loss Trend

Exhibit V: Loss Adjustment Expense (LAE)

Exhibit VI: *Intentionally Left Blank*

Exhibit VII: Permissible Loss and LAE Ratio

Exhibit VIII: Credibility of Experience

Exhibit IX: Return on Equity Calculation

Extended Coverage

Exhibit I: Indication

Exhibit II: Premium Trend & Rate History

Exhibit III: Loss Development

Exhibit IV: Loss Trend

Exhibit V: Loss Adjustment Expense (LAE)

Exhibit VI: Expected Catastrophe Loss and LAE Ratio

Exhibit VII: Permissible Loss and LAE Ratio

Exhibit VIII: Credibility of Experience

Exhibit IX: Return on Equity Calculation

Republic Underwriters Insurance Company
Arkansas Dwelling Fire– DP-3
Rate Level Indication
Explanatory Memorandum

Exhibits included in rate indications:

Exhibit I presents Republic experience in Arkansas for each of the last five accident years ending December 31, evaluated as of 12/31/2013. Extended Coverage loss data has been adjusted for catastrophe losses. Further adjustments to the data are described below. The indicated rate level change is developed in this exhibit using the standard loss ratio method. The filed rate level change is also provided.

Exhibit II, page 1, provides the calculation of Republic premium trend factors for Arkansas. These factors reflect increasing amounts of insurance and other distributional changes. The average earned premium at present rates, shown in column 2, has been fit to an exponential model using 16-, 12-, 8- and 4-point values. The selected annual trend value used to project the premiums over the future policy period is displayed. Premium trend factors are derived by indexing historical premium levels to the latest experience year and then projecting these premiums using the selected annual trend factor to the average earned date of the proposed policy period.

Historical rate changes are shown on page 2 of Exhibit II. Historical premium is brought to the present rate level using the parallelogram method. The most recent rate change for this program was April 1, 2013.

Exhibit III displays the calculation of Republic Group Countrywide loss development factors. Loss data used for these calculations are net of salvage/subrogation and the EC data excludes catastrophes. Due to the similarity of Republic's Fire & EC development between different states, countrywide data were used to reduce volatility and provide more credible development factors.

Exhibit IV shows the loss trend underlying the rate level indication. Various exponential fits including 4, 8, 12, and 16 points are shown. The selected historical trend factor and projected trend factor are based on the results of these exponential fits. The bottom of Exhibit IV displays the selected historical and future loss trend factors. Republic utilizes a two-step trending procedure with the historical losses in the experience period trended to the mid-point of the latest accident year using the historical trend selection; then projected to the mid-point of the future policy year using the selected future trend.

Exhibit V develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I. Republic Arkansas data and countrywide data are used to calculate the Allocated LAE factor and Republic Group countrywide data are used to calculate the Unallocated LAE factor. The ALAE factors are based upon calendar years 2008 - 2012 using Page 15 data and the ULAE factors are based upon calendar years 2008 – 2012 using the consolidated Insurance Expense Exhibit, Part III, Line 1 (Fire) and Line 2.1 (Allied).

Exhibit VI provides the data and calculation of the catastrophe factor used to determine the indication in Exhibit I for Extended Coverage only. Non-hurricane catastrophe losses are ratioed to ex-catastrophe losses for Arkansas, but supplemented with the same ratio from the past twenty-two years for the Republic's Oklahoma Dwelling Fire program. These ratios are used to calculate an average non-hurricane catastrophe to ex-catastrophe loss ratio. The long term average non-hurricane catastrophe load developed in this exhibit is used in the rate level calculation instead of the actual catastrophe losses. The selected non-hurricane catastrophe ratio is applied to the non-cat losses in Exhibit I resulting in an average cat load for each accident year. This better reflects the expected level of catastrophe losses in the future policy period by removing excessively heavy or light catastrophe years from the experience period.

Exhibit VII, page 1, shows the development of the permissible loss and LAE ratio (PLR). General and Other Acquisition Expenses are based on Republic data from the Insurance Expense Exhibit while all other data are based on experience from internal accounting reports. The internal accounting reports are more accurate for this personal lines dwelling program since Republic Annual Statement data contains a combination of personal and commercial lines data for Fire and EC. Disallowed expenses and the premium received from policy fees have been removed from the expense load. The marginal cost of reinsurance, calculated on page 2, Exhibit VII, is included as an expense for EC. Marginal cost means the charge for the coverage over and above the expected catastrophe losses included in the rate indication. The reinsurance load as presented in the attached rate indication for EC reflects the current treaties and costs for 2013. Coverage for all catastrophic events between \$20 million and \$300 million are covered under the 2013 reinsurance treaties. The calculation of the Profit and Contingencies Provision included in the development of the PLR is provided on Exhibit IX.

Exhibit VIII details the calculation of credibility assigned to the rate indications in Exhibit I.

Exhibit IX develops the underwriting profit provision with consideration of investment income generated from held reserves, the premium/surplus ratio reflecting the surplus allocated to this line of business and the target after-tax return on surplus. A total after-tax return on equity of 12% is targeted.